

**BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

DOCKET NO. 2018-____-E

In re:

Application of Duke Energy Carolinas, LLC
for Approval of Demand-Side Management
and Energy Efficiency Rider 10

**DUKE ENERGY CAROLINAS, LLC'S
APPLICATION FOR APPROVAL OF
RIDER 10**

Pursuant to S.C. Code Ann. § 58-37-20 (2015) and 10 S.C. Code Reg. 103-819 and 823 (2012), the Rules of Practice and Procedure of the Public Service Commission of South Carolina (“Commission”), Duke Energy Carolinas, LLC (the “Company” or “Duke Energy Carolinas”) hereby applies to the Commission for approval of its demand-side management (“DSM”) and energy efficiency (“EE”) rider for 2019 (“Rider 10”). Duke Energy Carolinas also requests that the Commission allow it to recover the costs of its Interruptible Service and Stand-By Generator programs (“Existing DSM Programs”) as a component of this Rider 10. Finally, Duke Energy Carolinas reports the results of the study designed to assess the feasibility and estimated cost associated with its achievement of EE goals established in a settlement agreement in Docket Nos. 2011-158-E and 2011-68-E.

In support of this Application, Duke Energy Carolinas shows the Commission the following:

Name and Address of Duke Energy Carolinas

1. The correct name and post office address of the Company is Duke Energy Carolinas, LLC, Post Office Box 1321, Charlotte, North Carolina 28201.

Notices and Communications

2. The names and addresses of the attorneys of Duke Energy Carolinas who are authorized to receive notices and communications with respect to this Application are:

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Description of the Company

3. The Company is engaged in the generation, transmission, distribution, and sale of electric energy at retail in the western portion of South Carolina and central and western portions of North Carolina. It also sells electricity at wholesale to municipal, cooperative, and investor-owned electric utilities. Duke Energy Carolinas is a public utility under the laws of South Carolina and is subject to the jurisdiction of this Commission with respect to its operations in this State. The Company also is authorized to transact business in the State of North Carolina and is a public utility under the laws of that state. Accordingly, its operations in North Carolina are subject to the jurisdiction of the North Carolina Utilities Commission.

Background

4. Rider 10 seeks to recover from customers the amounts associated with the cost recovery mechanism the Commission approved in Order No. 2013-889, issued in Docket No. 2013-298-E, as well as the costs associated with Existing DSM Programs.

5. The recovery mechanism of the Company's EE/DSM portfolio is a shared savings model with three distinct components: (1) recovery of the costs the Company incurs to offer and deliver EE and DSM programs to customers; (2) recovery of net lost revenues incurred for up to thirty-six (36) months of a measure's life for EE programs; and (3) a shared savings incentive that is equivalent to 11.5% of net savings achieved through the Company's portfolio of EE/DSM programs.

6. The Existing DSM Program recovery method remains unchanged.

Components of Rider 10

7. Calculations for Rider 10 were computed in accordance with the Application, testimony and the Commission's Order in Docket No. 2013-298-E. The specific components of Rider 10 include:

- a. Year 2014,¹ January 2014 – December 2014: true-up of shared savings and Year 4 lost revenues.
- b. Year 2015, January 2015 – December 2015: true-up of shared savings, true-up of Year 1, Year 2 and Year 3 lost revenues.
- c. Year 2016, January 2016 – December 2016: true-up of shared savings, true-up of Year 1 and Year 2 lost revenues.
- d. Year 2017, January 2017 – December 2017: true-up of program costs, shared savings and Year 1 of lost revenue and an estimate of Year 3 lost revenues.
- e. Year 2018, January 2018 – December 2018: estimate of Year 2 lost revenues.
- f. Year 2019, January 2019 – December 2019: estimate of program costs, shared savings, and Year 1 lost revenues, as well as an estimate of 2019 existing DSM program costs.

8. Lost revenues associated with participants enrolled in certain vintages have been removed and will be reflected in rates filed for approval in future proceedings.

¹ In the Company's 2013 filing, the nomenclature for a vintage changed from "Vintage" year to "Year 2014," "Year 2015," etc.

Rider 10 Rate Overview

9. The revenue Duke Energy Carolinas proposes to recover through the proposed Rider 10² is as follows:

- \$42,969,864 for Residential Customers (Exhibit A, Line 15) and
- \$62,585,978 for Non-Residential Customers (Exhibit A, Line 66).

For Rider 10, because non-residential customers can opt-out of various components and vintage years of EE/DSM, those billing factors were separated to reflect non-residential customer participation in EE programs, DSM programs, or both EE and DSM programs. The proposed Rider 10 billing factors include prospective and true-up components. Based on the total costs to be recovered under the proposed Rider 10, as shown on Exhibit A, the billing factors applicable to South Carolina customers for the billing period January 1, 2019 through December 31, 2019, would be as follows:

Residential Billing Factors	¢/kWh
True-up Component for Years 2014, 2015, 2016 and 2017	0.1698
Prospective Component for Vintage Years 2017 – 2019	0.4907
Residential Rider 10 (Total)	0.6605

Non-Residential Billing Factors	¢/kWh
Year 2014 EE Participant – True up	0.0015
Year 2014 DSM Participant – True up	0.0010
Year 2015 EE Participant – True up	0.0426
Year 2015 DSM Participant – True up	0.0029
Year 2016 EE Participant – True up	(0.0028)
Year 2016 DSM Participant – True up	0.0006
Year 2017 EE Participant – True up	0.5307

² Billed at 100%, pursuant to Order 2013-889.

Year 2017 DSM Participant – True up	0.0128
Year 2017 EE Participant – Prospective	0.0297
Year 2018 EE Participant – Prospective	0.1267
Year 2018 DSM Participant – Prospective	0.0058
Year 2019 EE Participant – Prospective	0.5193
Year 2019 DSM Participant – Prospective	0.1341

10. The proposed tariff sheet for Rider 10 is attached as Exhibit B to the Application. A summary of the calculations used to determine these billing factors and the revenue requirement for Rider 10 is attached as Exhibit A to the Application. The supporting calculations for Exhibit A are also attached. A detailed description and evaluation of the Company's EE and DSM programs for 2017 is set forth in Rider 10, Exhibit 5.

Settlement Agreement Analysis of Energy Efficiency Portfolio

11. As a component of the Revised Settlement Agreement in Docket No. 2013-298-E, the Company agreed to develop a study designed to assess the feasibility and estimated cost associated with its achievement of aspirational Energy Efficiency Goals established in the settlement agreement in Docket Nos. 2011-158-E and 2011-68-E, *i.e.*, an annual savings target of one percent (1%) of the previous year's retail electricity sales beginning in 2015 and a cumulative savings target of seven percent (7%) of retail electricity sales over the five-year time period of 2014 - 2018. As required under the Revised Settlement Agreement, the Company has provided an update to the Energy Efficiency Analysis Study which accounts for the updated actual savings in 2017 as well as an updated projection of 2018 - 2019 in the Base Portfolio. The methodology for estimating the size and cost of the Incremental Portfolio is unchanged compared to last year. The updated Analysis Study is attached to this application as Rider 10 Exhibit 8.

Conclusion and Request for Approval

12. Based on the foregoing, the Company respectfully requests that the Commission grant its application seeking approval of Rider 10 as described in this Application and supporting exhibits. Additionally, the Company would ask the Commission to allow the proposed rate to be put into effect without notice and hearing pursuant to S.C. Code § 58-27-870(F) (2015). The proposed rates do not require a determination of the entire rate structure and overall rate of return, and will facilitate an orderly rate administration.

Submitted this the 2nd day of March, 2018.



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Rider 10 Exhibits

Exhibit A	Summary for Rider EE Exhibits and Factors
Exhibit B	Tariff Sheet
Year 2014 Exhibit 1	True Up of Shared Savings and Year 1, 2, 3 and 4 Lost Revenues Applicable to Residential and Non-Residential Customers
Year 2014 Exhibit 2	Load Impacts and Estimated Revenue Requirements for Program Year 2014
Year 2014 Exhibit 3	Allocation Factors, Vintage Year 2014
Year 2015 Exhibit 1	True-up of Shared Savings and Year 1 ,2 and 3 Lost Revenue; Estimate of Year 4 Lost Revenue Applicable to Residential and Non-Residential Customers
Year 2015 Exhibit 2	Load Impacts and Estimated Revenue Requirements for Program Year 2015
Year 2015 Exhibit 3	Allocation Factors, Vintage Year 2015
Year 2016 Exhibit 1	True-up of Shared Savings and Year 1 and 2 Lost Revenue; Estimate of Year 3 Lost Revenue Applicable to Residential and Non-Residential Customers
Year 2016 Exhibit 2	Load Impacts and Estimated Revenue Requirements for Program Year 2016
Year 2016 Exhibit 3	True up of Year 1 Shared Savings, Program Costs and Lost Revenues; Estimate of Year 3 Lost Revenue
Year 2017 Exhibit 1	Estimated Year 2 Lost Revenues – Year 2017
Year 2017 Exhibit 2	Load Impacts and Estimated Revenue Requirements for Program Year 2017
Year 2017 Exhibit 3	Actual Existing DSM Program Costs – Year 2017
Year 2017 Exhibit 4	Allocation Factors, Year 2017
Year 2017 Exhibit 5	Actual Program Costs – Year 2017
Year 2017 Exhibit 6	Changes from Rider 8 Due to Application of M&V and Participation

Year 2018 Exhibit 1	Estimate of Year 2 Lost Revenues
Year 2019 Exhibit 1	Estimated Annual Rider Applicable to Residential Customers
Year 2019 Exhibit 1, page 2	Estimated Annual Riders Applicable to Non-Residential Customers
Year 2019 Exhibit 2	Load Impacts and Estimated Revenue Requirements for Program Year 2019
Year 2019, Exhibit 3	Allocation Factor Estimate for 2019
Rider 10 Exhibit 1, Page 1	Lost Revenue Summary – Year 2014
Rider 10 Exhibit 1, Page 2	Lost Revenue Summary – Year 2015
Rider 10 Exhibit 1, Page 3	Lost Revenue Summary – Year 2016
Rider 10 Exhibit 1, Page 4	Lost Revenue Summary – Year 2017
Rider 10 Exhibit 1, Page 5	Lost Revenue Summary – Year 2018
Rider 10 Exhibit 1, Page 6	Lost Revenue Summary – Year 2019
Rider 10 Exhibit 2, page 1	DSM/EE Revenues Collected from Riders (By Vintage)
Rider 10 Exhibit 2, page 2	Revised Exhibit Summary for 2018 Estimated Revenue
Rider 10 Exhibit 2, page 3	Revised Forecasted Sales for Years 2014-2018
Rider 10 Exhibit 3, page 1	Forecasted kWh Sales for Rate Period (Years 2014-2019)
Rider 10 Exhibit 3, page 2	Forecasted kWh Net Metering Impacts for Year 2019
Rider 10 Exhibit 4, Page 1	Residential Interest Calculation – Years 2014-2015
Rider 10 Exhibit 4, Page 2	Residential Interest Calculation - Years 2016-2017
Rider 10 Exhibit 4, Page 3	Non-Residential Interest Calculation – Year 2014
Rider 10 Exhibit 4, Page 4	Non-Residential Interest Calculation – Year 2015
Rider 10 Exhibit 4, Page 5	Non-Residential Interest Calculation – Year 2016
Rider 10 Exhibit 4, page 6	Non-Residential Interest Calculation – Year 2017
Rider 10 Exhibit 5	Evaluation, Measurement and Verification Report
Rider 10 Exhibit 6	Description and Evaluation of EE and DSM Programs for 2017
Rider 10 Exhibit 7	Vintage Years 2014, 2015, 2016, 2017 and 2018 Non-Residential Opt-Out Data
Rider 10 Exhibit 8	Settlement Agreement Analysis of Energy Efficiency Portfolio